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RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RHEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY
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S E C R E T SECTION 01 OF 06 BRUSSELS 001021

NOFORN
SIPDIS

TREASURY FOR TFFC, OFAC, OIA

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TAGS: [ETTC](#) [KTFN](#) [PTER](#) [EFIN](#) [KCRM](#) [KJUS](#) [KHLS](#) [UNSC](#) [PINK](#)
PHUM, KPAO, FR, UK, EUN, SP, SU, BM, KN, EWWT, KNNP, SNAR,
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SUBJECT: EU AND TREASURY ON IRAN, DPRK, CFT, BURMA, SUDAN,
BALKANS, DRUGS, AND ILLICIT FINANCING

REF: A. BRUSSELS USEU 536

[B](#). BRUSSELS USEU 537

[C](#). BRUSSELS USEU 616

[D](#). 2008 STATE 125635

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Classified By: USEU Econ Minister-Counselor Peter H. Chase for reasons
1.4 (b), (d), (e).

[11.](#) (S//NF) SUMMARY: In eleven separate meetings with various EU and Member State officials on June 16-17, Treasury Assistant Secretary (A/S) for Terrorist Financing and Financial Crimes David Cohen pressed for robust EU implementation of UN Security Council Resolutions on North Korea and Iran (including stronger autonomous measures), continued cooperation in preventing legal challenges from undermining the UN counter-terrorism sanctions regimes, and added attention to sanctions against Burma and Sudan. He also flagged the importance of countering proliferation and narcotics financing, organized crime, and other forms of illicit finance. The July 27 GAERC is prepared to adopt a blanket Common Position on DPRK, to be followed by specific UN and autonomous designations. END SUMMARY.

Iran: State of Play, Spain's EU Presidency, and Gibraltar

[12.](#) (S//NF) A/S Cohen highlighted that U.S. policy on Iran seeks to balance the dual tracks of engagement and pressure. A/S Cohen stressed that the goal of U.S. policy regarding Iran remains unchanged -- namely, to convince Iran to halt its nuclear weapons program and support for terrorism around the world -- the means by which the U.S. is pursuing this objective now include both an offer of engagement combined with holding Iran accountable to its international obligations. Dynamic sanctions programs are essential to maintaining pressure so that dialogue can succeed. Since sanctions are more effective if undertaken through collective action, the U.S. will continue to pursue joint action with the EU to apply additional pressure against the Iranian regime. A/S Cohen reiterated U.S. interest in EU designation of Bank Mellat, Bank Sepah, the Export Development Bank of Iran, the Islamic Republic of Iran Shipping Lines, and Iran Air, on which Treasury DAS Glaser briefed EU counterparts in February (REFs A and B). A/S Cohen also pressed EU interlocutors to respond to the Financial Action Task Force's (FATF) February 2009 statement on Iran, the FATF's fifth statement with respect to Iran, which included a call for countermeasures against illicit Iranian transactions.

[13.](#) (C//NF) Commissioner for External Relations Ferrero-Waldner's Chief of Staff, Patrick Child, said the EU is "waiting to see how to balance engagement and further pressure, which will be necessary." Child stressed that European publics must see Iran as an important issue to their own security, however, and not just something the U.S. is "telling us" to worry about. In his view, the EU is open to further dialogue with the U.S. about additional measures, but it should be phrased as "a shared response to shared security concerns" to increase EU comfort with the discussion. According to EU analysis, sanctions are clearly decreasing large-scale European financial flows and trade with Iran, though some EU small- and medium-sized enterprises, along with firms from China, India, and elsewhere, are filling in the gaps. Child insisted it is "better for the EU and U.S.

not to get ahead of the UN." A/S Cohen countered that "we should not let the perfect be the enemy of the good" and that joint U.S.-EU action would yield important security benefits to Europe.

¶4. (C//NF) Commission Sanctions officer Stephane Chardon

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(protect) said the Council working groups continue to discuss the DAS Glaser presentation on the five entities, but without consensus due to political grounds. The EU sees the need to avoid circumvention of existing measures. They just completed a list of dual use items. Council Secretariat Director for America, UN, Human Rights and Counter-Terrorism Marek Grela's "strictly unofficial" contacts from Russia and China in Brussels claim Iran is seen by those countries not as a global but a "regional problem," complicating the international response.

¶5. (C//NF) In a bilateral meeting with Spanish Political and Security Committee (PSC) Ambassador Carlos Fernandez-Arias Minuesa, A/S Cohen signaled that the USG would rely on the incoming Spanish EU Presidency in January 2010 to help if increased EU pressure were needed on the Ira:SQw\nQQQQQ1. (C) A/S Cohen drew attention to the recent nonpaper drafted by U.S. Treasury's Office of Financial Assets Control (OFAC) and shared with key interlocutors on Burma sanctions (REF D). If the EU adopted similar measures, A/S Cohen emphasized that this would substantially improve pressure on the military junta, especially with regard to the three U.S.-designated foreign exchange banks: Myanmar Economic

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Bank, Myanmar Foreign Trade Bank, and Myanmar Investment and Commercial Bank.

¶22. (C) Grela noted that Burma was one of the few international topics being discussed by the European Council on June 19, at the strong insistence of one EUMS (UK).

Drugs, Balkans, Af-Pak, Africa and Latin America

¶23. (C//NF) Besides Iran, Spain's PSC Ambassador informed A/S Cohen that its EU Presidency priorities will likely include broader Middle East security, Afghanistan and Pakistan, the Balkans (organized crime, Bosnia and Kosovo, drug trafficking, and car theft), and West Africa (border controls, rising crime, illegal trafficking, and drugs from South America through former寥lompin sanctuaries of QATF measures. Second, FATF "countermeasures" come close to "sanctions," which are the domain of political Foreign Ministries and not just technical Financial Ministries for EU.

25 (C//NF) Wright (please protect) suggested that Germany, Spain, and Italy, due to their growing interest in questions of non-cooperative jurisdictions on taxes and money laundering. Wright suggested that the U.S. could support their interests but press for these countries to secure EU-wide statements following up on FATF actions.

Intelligence and SITCEN Priorities, Trends:
Sanctions Role of the EU's Nascent Intelligence Arm

¶26. (C//NF) William Shapcott, Director of the EU's Joint Situation Center ("SitCen"), provided the following overview of their work. Shapcott said his office plays no operational role in the EU's autonomous terrorist designation process (the "CP 931" track). SitCen does, however, help the EU in developing policy. They describe to policy-makers their understanding of terrorist financing: how it works, how significant a problem it is, where vulnerabilities exist, and what could be closed down. For the EU, SitCen's value added

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is "getting the non-UNSC member states caught up" so they "can't say they don't understand."

¶27. (C//NF) Shapcott encouraged Treasury to consider analytical exchanges with SitCEN analysts to compare "analytical pictures." SitCen's added value for the U.S.e|6bQ/KLxesL5s consolidated European view of terrorism and money laundering threats, which can be better than strictly national assessments. Shapcott suggested that U.S. and SitCen CT analysts compare general pictures of European terrorist cells.

¶28. (S//NF) The PSC Ambassadors are the SitCen's primary clients. Each incoming EU Presidency tasks SitCen with a six-month plan. The current regional and horizontal priorities are:

-- Balkans: organized crime, mechanics within the Balkan state actors (many of which are applying for EU membership), exporting crime to Western Europe, trafficking in persons;
-- Middle East: geostrategic, Hamas, Hezbollah, general proliferation, Syrian and Iranian proliferation, Egypt;
-- Africa: Somalia and the Horn;
-- DPRK proliferation; and
-- Terrorism: EU internal terrorism, Afghanistan, Pakistan,

East Africa, Saudi Arabia "and company," the cross-over of
organized crime and ter:::5Q/^hQ